

## **The Advantages of Asset Based Lending**

Asset based Lending is any kind of loan that is secured by an asset. These kinds of loans are normally secured by such things as real estate, equipment, machinery, accounts receivables, and inventory. But occasionally, they can also be secured by such things as intellectual property, patents, trademarks, pharmacy script files and other things of an unorthodox manner. If the recipient of the Asset Based Loan does not pay back the loan, the assets put up for security of the loan are then taken from the recipient of the Asset Based Loan. That means that then the Funding Source Company that supplied the loan owns the assets.

In some ways, the Asset Based Line of Credit is very similar to a traditional Business Line of Credit. The way it is set up enables a business to financially bridge itself in a financially self-sustaining capacity while it waits to receive payments via its accounts receivables. The process may involve establishing a revolving line of credit that is regulated and adapts to the balances of the accounts receivables of the business that obtained the Asset Based Loan. This also places the recipient business in the advantage of being able to obtain larger lines of credit based on the increasing dollar amounts of their accounts receivables. Profit Increase Funding via the financial tool of an Asset Based Loan enables businesses of all sizes (from small to Fortune 500 companies) tap into their own assets to sustain and/or expand themselves through cyclical or seasonal periods or turnaround scenarios. This can allow a company to work its way through the following as displayed in the list below entitled "The Incredible Benefits and Uses of Asset Based Lending":

### **The Incredible Benefits and Uses of Asset Based Lending**

[The following list gives some examples of why and when to use Asset Based Lending]:

1. For inventory financing
2. To address and eliminate having little or no equity
3. To avoid bankruptcy
4. To address an insufficient track record
5. To handle foreign account debtors
6. To handle operating expenses and/or losses
7. To decrease high amounts of accounts payables

8. To pay down or pay off delinquent taxes or tax liens
9. Buyout and recapitalization/restructuring financing
10. To obtain purchasing, working and surplus capital
11. To purchase more equipment
12. To hire more employees
13. To go after larger accounts/contracts
14. Whenever lack of sales or decrease of sales are straining and/or depleting resources
15. Whenever operating capital is tied up in accounts receivables
16. Whenever seasonality peaks cause setbacks and problems
17. Whenever client demands cause a need for high levels of inventory
18. Whenever special pricing terms and/or trade discounts are scarce or cannot be found
19. Debt restructurings
20. Debtor-In-Possession (DIP)/Exit Financings
21. Turnarounds
22. Acquisitions
23. For expansion

Asset Based Lending has become and is continuing to evolve into a widely accepted and utilized means of obtaining working capital. Asset Based Lending has for over 20 years consistently and very beneficially provided a very large number of companies with alternative sources of working capital while traditional banks and lending methodologies are becoming more difficult to obtain funds from and are pitifully plummeting. The sustenance and growth of many companies (including Fortune 500 companies) has become greatly dependent upon and immensely rewarded and satisfied with the lucrative results of Asset Based Lending. Companies with growth opportunities already in sight or for those who want to create them find Asset Based Lending an extremely favorable financial tool. Companies cannot sustain themselves, expand and prosper solely on the basis and strength of newer and better products. They have to working capital in order to expand and become more financially strong and prosperous and Asset Based Lending provides that.

In simple terms, Asset Based Lending works on the premise of the lender taking a first priority lien position on the assets being collateralized for the obtainment of the Asset Based Loan. What is needed for this to operate smoothly is a Finance company such as Profit Increase Funding, Inc. (that has over 150 Global Funding Source Companies with BILLIONS of dollars) that has experienced professionals that will perform the necessary due diligence, negotiate

and structure that Asset Based Loan and then properly and optimally prepare the documentation required for closing. We know how to put your collateral to work. Asset Based Loans also work very in conjunction with other junior financing tools such as second liens, high yields and mezzanine financing. In comparison to other forms of financing, Asset Based Lending is extremely efficient and cost-efficient. Also, our over 150 Global Funding Source Companies often look beyond the present financial statements of the borrowers when evaluating how much cash to loan the borrower. This allows the borrower to plan ahead to be able to take advantage of upcoming market opportunities that pertain to their perspective industry based on the amount of cash they anticipate they will have available. The Asset Based Loan that we will be able to obtain for you will depend on the kind of business you have and the kind of and the value of the collateral that you have. Frequently, the loan value granted exceeds the net worth of the business. This kind of unconventional flexibility often makes the difference between a business that fails from undercapitalization and a business that flourishes into financial prosperity. In fact, the long-term benefits and derived profits will enable a business to be able to offset the premiums related to the Asset Based Loan.

Conventional financing institutions, strategies and methodologies are drying up and turning a deaf ear to the needs of companies. Plus, the increasing negativities of the economy, with no end in sight, are setting many businesses up for inevitable down-sizing and/or failure. But we at Profit Increase Funding, Inc. are dedicated to providing you with unequalled creative financial solutions that can assist your business overcome temporary financial defeat or suppression. You will find that Profit Increase Funding is proactive not reactive and that we structure our Asset Based Loans with the highest optimal intent that will address your specific needs.

Sometimes a revolving loan can be established that allows the borrower to have a pool of collateral that supplies the borrower with working capital. The borrower can then use that cash to do various things for their business that otherwise they would not have been able to do such as research and development, productivity improvement, market and territorial expansion, purchasing more materials, or architectural construction expansion, (also see our Naming Rights services for DEBT-FREE initial architectural construction and/or architectural construction expansion. The accounts receivables that are eventually paid to the borrower are pledged to the Asset Based Lender (the Funding Source Company) and the payments obtained by

the borrower from their accounts receivables gradually pay sown the loan. The loan balance is cyclical and therefore the loan is a revolving loan.

Sincerely,

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